

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Clarion Hotel San Francisco Airport
401 East Millbrae Avenue
Millbrae, California 94030
October 25, 2001

PANEL MEMBERS

Marsha Kwalwasser
Acting Chairperson

David Brown
Member

Aram Hodess
Member

Robert Holstein
Member

Robert Lennox
Member

Patricia Murphy
Member

Tom Rankin
Member

Executive Staff

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

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LEGISLATIVE SUBCOMMITTEE

Tom Rankin, Chairperson, called the Legislative Subcommittee to order at 8:05 a.m. Members present: Marsha Kwalwasser and David Brown. Also present was Peter DeMauro, ETP's General Counsel. The Committee approved the Agenda.

I. BRIEFING MATERIALS

Ms. Carrillo presented an overview of briefing materials that were supplied to the Committee which included a Legislative calendar with key dates and proposed strategies; a list of Legislative Leaders and key committees; profiles on proposed advocates; and news articles.

II. REPORT OF LEGISLATIVE MEETINGS

Mr. Brown reported that he called on several Legislative staff members and provided information to them on the ETP program. He stated some of those he spoke to were not aware of the ETP program.

III. STRATEGIES FOR UPCOMING LEGISLATIVE SESSION

Ms. Carrillo stated ETP is not proposing any Budget Proposal Changes for the remainder of this fiscal year. Timelines were included for the purpose of future submission of legislation. She reviewed a draft letter to be mailed to Legislators regarding newly approved projects in their districts. The Committee requested the letters be sent both to district and also to Capitol addresses.

Ms. Kwalwasser suggested extending invitations to attend Panel meetings to Legislators and/or legislative staff located in the area where the Panel meetings are to be held.

Mr. Rankin stated the main focus of the Committee for the next few months is to respond to the State's budget crisis and the unemployment situation that has resulted from the September 11 events. He stated it is imperative that the Committee target Legislators and educate them on the ETP program.

IV. IDENTIFYING NEW ETP LEGISLATIVE SUPPORTERS

Ms. Carrillo stated the briefing materials cover both Senate and Assembly Committees. Mr. Rankin stated the most beneficial advocates would be those involved in the Senate Industrial Relations Committee, Assembly Labor and Employment Committee, and the Budget Committee. He recommended scheduling meetings beginning in November with Legislators in the Los Angeles and Bay Areas. Mr. Rankin stated he had previously met with Assembly Member Paul Koretz, the Chair of the Labor and Employment Committee, and he was very interested in the ETP program.

V. INFORMING LEGISLATORS ABOUT ETP

Ms. Carrillo presented a draft letter that will go to the Legislators informing them of newly approved projects in their district. She stated the purpose of the letter is not only to inform them of projects approved in their district but to also provide information about ETP. This is a proposed revision to a letter currently sent. Panel members were favorable to the new letter.

Ms. Kwalwasser requested sending ETP's Strategic Plan and information on ETP to the Legislators prior to the appointment to meet with them. Mr. Rankin suggested having an ETP staff member be present at the meetings to answer questions.

VI. PUBLIC COMMENT

Steve Duscha stated his concern regarding the shortage projected in the State Budget for year 2002-02 and the possibility of ETP funds being targeted for budget cuts if ETP funds are not fully allocated. He stated the Legislature might be called into special session this fall to enact more cuts. Mr. Duscha stated that it is crucial that ETP educate legislators on the ETP training program and its role in preventing further unemployment and taking people off the unemployment rolls.

VII. ADJOURN

There being no further business, the Legislative Subcommittee meeting was adjourned at 8:40 a.m.

PANEL MEETING

I. CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 9:05 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chair

David Brown

Aram Hodess

Pat Murphy

Tom Rankin

Members Absent

Robert Holstein

Robert Lennox

Executive Staff Present

Ada Carrillo, Acting Assistant Director

Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

Ms. Kwalwasser announced the Panel would continue today's meeting through lunch. Speakers have been invited to give different perspectives during the lunch meeting on the state of the economy due to the events on September 11.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the Agenda.

Motion carried, 5 – 0,

IV. APPROVAL OF MINUTES

Ms. Kwalwasser requested the Pacific Bell proposal presented on page 11 of the minutes of the September Panel meeting be noted as proposal discussion and action that was continued on page 15.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the minutes as corrected.

Motion carried, 5 – 0.

V. REPORTS OF THE CHAIRPERSON/PANEL MEMBERS

Ms. Kwalwasser announced the report on the October Workforce Investment Board Retreat would not be given due to the retreat being postponed. Ms. Kwalwasser stated she had contacted the California Trucking Association inviting a representative to be present at this month's Panel meeting. As of the date of the meeting, there has been no response from the Association.

VI. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro stated that enabling legislation mandates that the Employment Training Panel coordinate and work with other State agencies. Mr. DeMauro and Ms. Carrillo have been interacting with the State Workforce Investment Board and will institute regular meetings to share common concerns.

Mr. DeMauro reported that ETP staff met with the executive board of BioCom recently to address issues. The BioCom industry would like to present an informational overview on the BioCom/BioMed industry to the Panel.

Mr. DeMauro announced that ETP has received two proposals, from UCLA and California State University Northridge, on the SOST and reimbursement study requested by the Panel.

Mr. DeMauro reported ETP's internal Small Business Work Group has been meeting and has made some preliminary recommendations, which are being developed for implementation.

Mr. DeMauro commended ETP's Information Technology Unit on the development of a system to protect ETP's computer files. He stated the system received commendations from the State, and will be used as a model by other State agencies.

Mr. DeMauro reported regional marketers and ETP developers have been meeting and will continue to meet on a regular basis to discuss common issues and how to market the ETP program. He stated the plan is to have a statewide marketing, development/monitoring meeting as a training and brainstorming session on how to best serve the community. He stated marketing staff would update the Panel on the various marketing agreements at the January Panel meeting.

VII. AGREEMENTS AND AMENDMENTS

Oakwood Worldwide

Ron Tagami, Manager of ETP's North Hollywood field office, announced the proposal from Oakwood Worldwide has been withdrawn from consideration at this month's Panel meeting.

Century Housing Corporation

Mr. Tagami presented a Final Agreement for Century Housing Corporation/Los Angeles World Airports (SET-HUA) in the amount of \$817,120 to train 160 New Hires in Commercial Skills. This project was presented as a Proposed Agreement to the September Panel.

Pursuant to contingencies stipulated in the Proposed Agreement, the contractor has submitted the following: Certification and Board Resolution; additional union letters of support; and final curriculum. The contractor will submit the Bureau of Private Postsecondary and Vocational Education approval to ETP staff before training begins.

Mr. Hodess commented that the Panel has had much discussion on training in the construction industry, pre-apprentice versus apprenticeship training, and he noted this project should be considered as a model.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve this Final Agreement as proposed.

Motion carried, 5 – 0.

PharMingen

Diana Torres, Manager of ETP's San Diego field office, presented a One-Step Agreement for PharMingen at a program cost of \$398,838 to train 315 retrainees in Computer Skills, Continuous Improvement, Management Skills, and Manufacturing Skills. As a manufacturer of re-agents used in the biotech industry, PharMingen needs to develop and license its products quickly so that it can be first to release its products. PharMingen recognized its need to move to a high performance workplace to compete for more of the market share.

Total training and training-related costs not covered by ETP funds amount to \$39,000, which includes training for employees not eligible for ETP funding; training development costs, and assessment and training customization costs. The estimated wages to be paid to employees while in training are \$395,000 for a total in-kind contribution of \$434,000.

Ms. Torres introduced Mr. John “Kip” Miller, Vice President and General Manager. Mr. Miller gave an overview of the projects produced and the importance of biotechnology in today’s economy. The Company needs to move from a highly technically trained workforce to a company that can industrialize some of its processes. Mr. Rankin requested information on the Company’s turnover rate. Mr. DeMauro commented that the Company has certified that its turnover rate is less than 20 percent. Mr. Rankin stated that even if the turnover rate is under 20 percent, it should be listed as information needed for the Panel to make a decision. Mr. Miller stated that the turnover rate was 19 percent for the calendar year 2000. Since that point in time, the Company’s turnover rate has reduced and has remained at 16 percent for the past 12-month fiscal year. Mr. Brown requested that the application be modified to include this information. Mr. Miller agreed.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve this One-Step Agreement with recommended modification.

Motion carried, 5 – 0.

Mr. DeMauro explained the “Unintended Consequences” pertaining to putting all the Panel packet information on the ETP Website. Mr. Rankin recommended that the Panel discuss what gets posted on the Internet in the near future.

Astech Manufacturing

Mr. Tagami presented a One-Step Agreement for Astech Manufacturing, Inc. for a total program cost of \$113,230 to train 148 retrainees in Manufacturing Skills, Continuous Improvement Skills, Management Skills, Business Skills, and Computer Skills. The Company manufactures welded honeycomb sandwich structures used in a variety of applications such as nozzles and plugs for commercial jet engine exhaust systems. Astech has 155 employees. The Company representative states that the Company is refocusing its business strategy and beginning to move toward becoming a high performance workplace.

The Company’s in-kind contribution totals \$148,900, which includes \$147,400 for wages paid to workers while in training, \$12,500 for training materials, \$9,500 for needs assessments, and \$15,500 for project development costs.

Mr. Tagami introduced Mr. Ward Thompson, Controller.

ACTION: Mr. Rankin moved and Ms. Murphy seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 5 – 0.

tci Precision Metals

Mr. Tagami presented a One-Step Agreement for tci Precision Metals for a total program cost of \$144,464.

The Company, located in Gardena, is a metal service center and job shop with 93 employees. It provides a variety of pre-machining processes such as precision sawing, turning and trepanning, waterjet cutting, duplex milling, grinding, flattening, deburring, sanding, and cosmetic finishing for their customers, which are primarily original equipment manufacturers in the aerospace, electronics, engineering, and medical industries. To achieve the goal of maximizing efficiency, improving product quality, and standardizing work processes, tci is requesting ETP funds to retrain 91 employees in Continuous Improvement, specifically Lean Manufacturing concepts.

Mr. Tagami introduced Mr. John Belzer, President of tci Precision Metals and Denise Finch, President, Cre8tive Training. Mr. Hodess asked how this training would benefit the Company, and, whether the Company anticipates having ongoing training after the ETP training is completed. Mr. Belzer stated that they absolutely plan on future training.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 5 – 0.

Jabil Circuit, Inc.

Creighton Chan, Manager of ETP's San Mateo field office, presented a One-Step Agreement for Jabil Circuit, Inc. in the amount of \$107,920. This project came to the Panel's attention through the marketing efforts of CMTA. Jabil Circuit, Inc. manufactures printed circuit boards and assemblies for companies in the communications, personal computer, computer peripheral, automotive, and consumer product industries. The Jabil San Jose site is transitioning to a facility that will be doing more prototype and unique product production. Therefore the focus on the training is to move toward a high performance workplace. Currently, Jabil's workers only know how to perform one function in the work cell. With this training, Jabil's workers will have the ability to perform several functions and be empowered to make more decisions in the manufacturing process. The Company is asking for ETP funds to train a pilot group of 156 of its employees, which is about 35 percent of the workforce. If this training is successful, the Company may request additional funds.

Mr. Chan introduced Phyllis Pineda, Human Resources Administration Manager and Robert Lee, Trainer. Ms. Kwalwasser asked how they select those to participate in their pilot project. Ms. Pineda answered that they have chosen people who have been trained in other areas and are ready to move on to higher-level training.

Mr. Brown asked what the cultural breakdown is of management. Ms. Pineda stated that it is very diverse. It is the same as many of the manufacturing companies in that area. Mr. Brown stated that his observation was, having worked in a lot of different circumstances with a lot different ethnic groups, that typically management attitudes towards receiving criticism or suggestions from frontline workers determines whether frontline workers feel comfortable providing that input. The education is probably needed as much in encouraging frontline workers to provide criticisms and observations. Some workers worry if they will be well received or if they might be terminated for overstepping their bounds. The education to encourage participation and suggestions from the employees needs to be directed as much or more at the management. Ms. Pineda stated that the training would be focused in that direction.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 5 – 0.

Johnson Controls, Inc.

Mr. Chan presented a Final Agreement for Johnson Controls, Inc. for \$173,040. This project was developed through the efforts of CMTA. Johnson Controls, Inc. manufactures automobile and truck seats and headliners. Johnson Controls is seeking retraining funds to improve the skills of frontline workers, to meet new customer requirements, and to move to a high performance workplace. The Company's customer, New United Motor Manufacturing, Inc. (NUMMI), has implemented a major vehicle model change and will begin production of its new car, the Pontiac Vibe, as well as the restyled Corolla in January 2002. As a major supplier of NUMMI, Johnson Controls must manufacture completely new seats and headliners for these automobiles. Along the need to manufacture a new product, Johnson Controls must meet NUMMI's increasingly strict standards for quality control and cost reduction. The first step in meeting customer requirements was to purchase new production equipment. The Company reports that this has been accomplished and approximately \$2.8 million has been spent on the new equipment. The next step is to continue its adaptation to a high performance workplace through in-depth training of 144 employees across occupations.

Johnson Controls, Inc. will defray \$294,090 in wages paid while employees attend training.

Mr. Chan introduced Mr. Larry Blenn, Plant Manager and Stella Gonzales, Employee Involvement Coordinator to the Panel. Mr. Blenn was asked if, since all the production is exclusively for NUMMI, whether the Company is concerned about having all its production for only one company in case something happens to that contract. Mr. Blenn answered that that is always a concern, but the Company has contracted with NUMMI since 1984 and doesn't foresee anything happening to NUMMI for quite some time. Mr. Blenn also stated that it would be difficult for another company to come in at this point because Johnson Controls also manufacture all the foam for the seating.

It would be a very expensive undertaking for another company to come to California and try to set up business just to supply a NUMMI operation.

ACTION: Mr. Rankin moved and Ms. Murphy seconded the Panel approve this Final Agreement as proposed.

Motion carried, 5 – 0.

TIDAL Software, Inc.

Mr. Chan presented a One-Step Agreement for TIDAL Software, Inc. for a total program cost of \$105,320. This project is a referral from California Technology, Trade, and Commerce Agency. TIDAL Software, Inc. manufactures customized software, which is specifically designed to be easy to use and implement. Signature products allow end-users to plan for and command their computers to complete actions such as running payroll, placing orders, generating financial reports, and completing manufacturing reports, etc., at predetermined times or upon the completion of certain dependences (i.e., to run payroll after checking the HR data base to ensure each person is still employed) within data centers.

This training will assist the Company in their transition to a high performance workplace where the employees will be empowered to make critical decisions regarding production. Additionally managers and supervisors will need to be trained in how to empower the frontline workers.

Mr. Chan introduced Gary Light, Founder and Jim Griffin, Director of Training and Development.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve this One-Step Agreement as proposed.

Motion carried, 5 – 0.

Trend Technologies, Inc.

Mr. Chan announced the proposal from Trend Technologies, Inc. has been withdrawn from consideration at this month's Panel meeting.

California State University – Dominguez Hills Foundation

Mr. Chan announced the proposal from California State University, Dominguez Hills Foundation has been withdrawn from consideration at this month's Panel meeting.

Area Truck Driving

Charles Rufo, Manager of ETP's Sacramento field office, presented a One-Step Agreement for Area Truck Driving School. He stated that this was heard at a previous Panel meeting. A California Trucking Association (CTA) representative was not present. This project was placed on the Panel Agenda this month for action conditioned upon the CTA representative making a presentation. The Panel had stated it would not consider this project without a CTA representative to speak on behalf of the trucking industry.

Mr. Rufo introduced Mr. Tony Martin, Director of Operations and Esmail Rahimian, Director. Ms. Kwalwasser stated, for the record, that several attempts have been made to contact the CTA. Ms. Kwalwasser asked if employment by trucking companies has remained relatively stable. Mr. Martin stated an article recently published shows a shortage of at least a 1,000 drivers each year. The prior ETP project, Job 1, resulted in 96 or of 100 successful completions, and Job 2 has a projection of 92 out of 100 completions. The School is anticipating putting more than 185 people back to work.

Ms. Murphy stated the Panel has had a lot of discussion over the intent of the trucking industry. She stated she finds this application to be eligible and legal for the Panel to approve. She believes it has been proposed in good faith and meets all the requirements of the program. Ms. Carrillo pointed out that this proposal would take people off the unemployment rolls and put them into jobs. The policy that the Panel adopted pertaining to Employer Contributions does not require contributions from New Hire Contractors. Mr. Hodess stated he is concerned that if the Panel funds this project, a message will be sent that companies do not have to make a contribution. He stated the trucking industry is booming because of the current fear of shipping by means of air transport. Ms. Kwalwasser recommended approval of the program because she did not believe it to be fair to change policies in mid-stream. Although the Panel hoped a member of the Truckers Association would appear before the Panel, Area Truck has been caught in the middle.

Mr. Rufo stated that the Contractor had submitted this proposal prior to the August Panel meeting. It was at the August Panel meeting that the Panel had made the suggestion to have a CTA representative come before the Panel and speak on behalf of the trucking industry.

Ms. Murphy stated that the logic and motivation in prior Panel policies with regard to job creation applications for New Hire contracts was not to impose employer contributions when the intent was to take people off the unemployment rolls and to put them into jobs, to move people into the workforce, and to contribute to the economy. She stated it is certainly within the Panel's purview and, given the discussions held over the last few months, it is the Panel's responsibility to revisit the issue if there is to be some kind of contribution for New Hires. Ms. Murphy also stated concern about singling out an individual applicant. She stated if the Panel is going to impose restrictions, the Panel has to do it in terms of policy and currently the

policy says the Panel is not asking for contributions for New Hires. She added, with regard to the economy, this particular industry is very critical to California's economy.

Mr. DeMauro stated that if the Panel is inclined to reject this proposal, he suggested they defer action until staff can come back with a policy on multiple employer contracts with a potential for New Hire contributions. The staff can write the contract language based on Panel recommendations.

ACTION: Ms. Murphy moved and Ms. Kwalwasser seconded the Panel approve this Final Agreement as proposed.

Motion tied, 2 – 2 – 1 (Roll call vote: Mr. Brown – no, Mr. Hodess – no, Ms. Murphy – yes, Mr. Rankin – abstain, Ms. Kwalwasser – yes).
Therefore, motion failed.

Mr. Hodess stated the Panel needs discretion on an industry-by-industry basis for new hire multiple employer contracts. He stated the Panel needs to review criteria on which industries should be required to make contributions. He stated since the Area Truck Driving School did bring its proposal to the Panel prior to the decision of the Panel requiring contributions from employers on new hire contracts and prior to the Panel requesting a representative from the trucking industry to appear before the Panel, he moved to approve the Area Truck Driving proposal with the contingency that staff come back with some discretionary policy on which industries should be required to make contributions.

ACTION: Mr. Hodess moved and Mr. Brown seconded the Panel reconsider the action taken on Area Truck Driving.

Motion carried, 5 – 0.

ACTION: Mr. Rankin moved Mr. Hodess seconded the Panel approve the Area Truck Driving proposal with the contingency that staff come back with some discretionary policy on which industries should be required to make contributions in multiple employer contracts.

Motion carried, 5 – 0.

Oxman College

Mr. Rufo presented a Proposed Amendment for Oxman College requesting to lower the minimum hourly wage for Sacramento County welfare-to-work trainees from \$8.00 to \$6.50 per hour. The Contractor stated that when the original contract was approved, an \$8.00 hourly minimum wage was agree upon based on Oxman's experience in the San Francisco Bay Area. Based on its recent job placement experience for comparable occupations in Sacramento County, Oxman has found that hourly wages for comparable occupations in the Sacramento labor market are

below the San Francisco Bay Area. The Contractor believes that the \$8.00 per hour wage is unrealistic for welfare recipients in Sacramento County and requests the reduction in the hourly wage.

Mr. Rufo introduced Terry Edwards, Executive Director, Oxman College, and Steve Duscha of Steve Duscha Advisories. Mr. Rankin stated that he did not consider \$8.00 per hour to be a living wage. He stated the Panel has had a lot of discussion on the problems of funding welfare-to-work and believed the funding of trainees making \$6.50 would be going in the wrong direction. Mr. Brown stated he believed it would be better to have people making \$6.50 per hour and getting off welfare. Mr. Hodess stated this project could be a controlled experiment in job retention. He stated Oxman has two contracts, both with identical training in the Bay Area and in Sacramento County, one at \$6.50 per hour and the other at \$8.00 per hour. He stated this would be an opportunity to compare the retention rate at the different wage levels. Mr. Edwards stated he is concerned with people making only \$6.00 per hour but would rather see people working and off the welfare rolls. He stated by not training this population, the proposed trainees will not have any career ladder path. Mr. Rankin stated he is concerned with ETP funding training at a cost per trainee of almost \$6,000 for trainees in \$6.00 per hour jobs.

ACTION: Mr. Rankin moved rejection of this Proposed Amendment. Mr. Hodess seconded.

Motion carried to reject, 4 – 1 (Mr. Brown voted no).

Sonoma County Junior College District

Mr. Rufo presented a One-Step Agreement for Sonoma County Junior College District in the amount of \$202,932 to retrain 357 full-time manufacturing employees. The Sonoma County Junior College District brings the resources of the college to the local business community through customized employee training. The training takes place at the employers' sites. The needs faced by participating employers are improving production and the overall workplace environment.

Mr. Rufo introduced Betsy Roberts, Director.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

Adir International

Mr. Tagami presented a One-Step Agreement for Adir International, d.b.a. La Curacao in the amount of \$429,520 to retrain 437 workers. Adir International (La Curacao) is an inner city retailer with corporate headquarters in downtown Los Angeles. La Curacao

is a privately owned firm that targets the needs of a largely Hispanic customer base. La Curacao has an export operation that allows California customers to purchase goods here for delivery to residents living in Mexico and Central America by affiliates in those countries. This scenario supports jobs in Southern California, replacing the traditional method of sending cash outside the State. The Company has determined that it must invest in its people skills in order to provide superior customer service and improve efficiency and productivity in order to stay competitive. La Curacao's success has been built on a philosophy of promoting goal achievement, which results in advancement opportunity to employees who demonstrate potential. The Contractor is requesting a waiver for 275 trainees whose wages may start at \$7.00 per hour plus benefits, commissions, bonuses and incentives.

Mr. Tagami introduced Mike Ledezma, Vice President of Retail Operations, Martin Lopez, Compensation and Benefits Manager, and Judy Turner, Consultant from Deloitte & Touche.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement.

Motion carried, 5 – 0.

The Panel moved to another room to have a panel of speakers on the state of the economy in the Bay Area.

VIII. STATE OF THE BAY AREA ECONOMY DISCUSSION

Mr. DeMauro stated the purpose of the speakers was to define the scope of the problem of the downturn in the economy resulting from the events of September 11 and to look at the role that ETP can play in the solution.

Charles Lundberg, Manager of ETP's Marketing Unit, introduced Anne LeClair, President/CEO, San Mateo County Convention & Visitors Bureau. Ms. LeClair stated the San Mateo County Convention & Visitors Bureau represents 135 properties in San Mateo County over a 50-mile long peninsula. She stated when the airport industry was affected, the hotel industry located in the vicinity of airports was drastically affected. The hotel industry has had to cut back on staff by approximately 15 percent. She stated travel industry statistics have shown that one out of seven jobs in this country is directly or indirectly related to the travel industry; when the travel industry is effected, everyone is effected. She stated the layoffs have been across the board, not just frontline, housekeeping, or banquet staff, but also managers and supervisors. She stated the airline industry is the number one employer in San Mateo County. With the recent layoff of over 1,600 airline employees and the reduction in travelers, the retail shops and restaurants have been effected and are experiencing layoffs. Ms. LeClair encouraged all groups, such as government, the unions, and businesses, to schedule as many meetings as possible

in the areas of Northern and Southern California that have been drastically effected, especially in the airport vicinities. She stated that now more than ever marketing is extremely important.

Mr. Lundberg introduced Rob Gamble, Workforce Development Manager, NOVA Workforce Investment Board. Mr. Gamble stated the NOVA is a seven-city consortium in the north valley area of the State, also known as Silicon Valley.

Mr. Gamble highlighted the economic status of the San Francisco Bay Area. He stated the current issue is a workforce issue of dealing with thousands of dislocated workers. He stated the technology industry is ever changing. Those employees who are laid off will be at a disadvantage when trying to reenter the workforce. On-going training is crucial, especially in the technology industry. He stated that partnering with ETP might possibly aid in layoff aversion.

Mr. Lundberg introduced Rayna Lehman, Director, AFL-CIO Community Services, San Mateo County Central Labor Council AFL-CIO. Ms. Lehman stated the airport reduction rate is 15-20 percent, which includes all sectors -- the airline industries, flight attendants, food service, baggage, security, translators, ground transportation, as well as the construction industry. She stated that even though San Mateo County has a good one-stop employment based system, the centers have been inadequate in meeting the needs of employees being laid off. San Mateo County partners with many entities in providing training. She stated without training allowances for dislocated workers, training will be a difficult option for people, especially those who have had to hold down two jobs to meet expenses and are on unemployment. She stated with the possibility of retraining, people will have the opportunity of enhancing their skills and getting other jobs, possibly better jobs.

Mr. Lundberg introduced John Martin, Business Representative/Organizer, Hotel Employees & Restaurant Employees Local Union No. 340. Mr. Martin thanked the Panel for rescheduling its meeting to the Clarion. Mr. Martin stated the Hotel Employees & Restaurant Employees Union represents about 4,000 people in San Mateo County. He stated there are approximately 1,000 of those employees on lay off. He stated approximately 1,800 people work in the airline catering aspect of the airport. He said with the cut backs in the airline travel, catering companies are going bankrupt and are laying off employees in significant numbers. The Union represents approximately 1,300 hotel workers. He stated occupancy in the hotels is running below 50 percent. Mr. Martin stated the Union has been working with EDD, ETP and San Mateo County Central Labor Council AFL-CIO trying to put together Career Ladders and Work Share programs.

The Public Panel Meeting resumed business in the Golden Gate Room.

IX. PUBLIC COMMENT

Steve Duscha of Steve Duscha Advisories requested the opportunity to participate in the discussion on Implementation Plan and the changes in the new hire employer contribution rules. Ms. Kwalwasser replied that it would be appropriate.

X. APPROVAL OF PROJECTS LESS THAN \$100,000

Mr. DeMauro asked for a resolution of the Panel to approve the remaining projects in the less than \$100,000. Specifically those projects are the following:

AMA Plastics, Incorporated
IDC Solutions, Incorporated
Stillman Seal Corporation
Ambassador Vocational Institute, LLC d.b.a. AVI Computer Technology
Cole Instruments Corporation
DAKO Corporation (Amendment)
Nationwide Lending Corporation (Amendment)
Anderson Valley Brewing Company
Walther Electric Company, Incorporated (SET)
A&D Engineering, Incorporated

ACTION: Mr. Hodess moved and Ms. Murphy seconded the Panel approve as a group the Agreements and Amendments that are under \$100,000 and usually approved by the Executive Director.

Motion carried, 5 – 0.

XI. CAREER LADDERS

Mr. DeMauro stated the proposed Career Ladders Regulation moves the current regulation which is under SET to the Panel normal funds category and incorporates the Panel's Letter of Intent with the Employment Development Department to provide workers in low-wage jobs skills necessary to advance to higher paying jobs in industries with the potential for career advancement opportunities. Under the Career Ladders Regulation, projects will be subject to the Panel's standard statutory and regulatory criteria with certain exceptions and limitations included under the job creation category. He stated the Strategic Plan limits what the Panel spends on job creation. If the Panel decided to increase or decrease the amount for job creation, it would only have to amend the Strategic Plan. Mr. DeMauro suggested putting the proposed regulation through as an emergency regulation in order to be effective this fiscal year. The public will have the opportunity for further input on this proposed regulation. Ms. Kwalwasser questioned the phrase "Contractor shall provide the Panel with reasonable assurance that each trainees will advance" Panel members agreed the phrase should read

“Contractor shall demonstrate that each trainee will advance ...” Ms. Kwalwasser suggested changing the phrase “Each contractor must certify that it will provide a full-time job for at least one person ...” to read “Each contractor must certify that it will provide a job equivalency for at least one person ...”

ACTION: Mr. Rankin moved the Panel promulgate this regulation as an Emergency Regulation. Ms. Murphy seconded.

Motion carried, 5 – 0.

XII. IMPLEMENTATION PLAN

Ms. Carrillo reported staff developed a plan for implementing the Strategic Plan's goals and objectives. The plan has been published and distributed to the Governor and to the Legislature. Ms. Carrillo focused on the month of October and updated the Panel on the progress of the current targeted goals. She briefed the Panel on the future implementation goals.

Mr. Brown questioned the tracking of the success of the marketers. Mr. Lundberg replied the marketing contracts are all performance based. All of the marketing contracts are meeting the goals spelled out in their contracts.

Ms. Carrillo stated staff is in the process of initiating a study on the fixed fee rates, class/lab, computer based and video conferencing training rates. Staff is also in the process of initiating a contract with an independent research group for SOST study. She projected the results of the studies and recommendations will be brought to the Panel in April and May 2002. Ms. Carrillo will update the Panel each month on the progress and projections of the implementation plan.

ACTION: Mr. Brown moved and Mr. Rankin seconded the Panel accept the Strategic Plan Implementation Calendar.

Motion carried, 5 – 0.

XIII. EXECUTIVE SESSION

Mr. DeMauro stated there would not be an Executive Session at this month's Panel meeting.

XIV. ADJOURN

There being no further business and no objection, the meeting was adjourned at 1:40 p.m.

